Greening India’s National Accounts

South Asian Network for Development and Environmental Economics
Economic Development in India

- GDP: $3.92 trillion – 4th largest economy (2010 in PPP terms)
- 2000–01 to 2007–08: Real GDP growth averaged 7.3 per cent per annum
- Is India’s growth sustainable?
Wealth per capita (USD 2005), India (World Bank)

- Limited data -- only 3 data points
- Wealth per capita is growing in India – this is good
- Growth in physical and intangible wealth per capita is at the cost of a decline in natural capital – this is not so good
Trends in respirable particles
(State of the Environment Report, 2009)

Monitoring stations with air pollution levels violating national standards (2005)
Urbanization trends

- 28% of the population is urban (2001 census)
- 87 big cities expected to grow by 66% by 2031
- Between 1995-2005 – B’lore and Chennai increased vehicles by 50%
### Air Pollution has Welfare Impacts

- Contributes to pre-mature mortality and morbidity
- Aggregate costs across cities can be substantial

<table>
<thead>
<tr>
<th>Study</th>
<th>Year</th>
<th>Morbidity (M) or Premature Mortality (PM)</th>
<th>Annual costs per Capita (USD)</th>
<th>Annual aggregate savings from reductions to safe standards (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murty et al. (Delhi)</td>
<td>2002</td>
<td>M + PM</td>
<td>89</td>
<td>1,142 mill</td>
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<tr>
<td>Murty et al. (Kolkata)</td>
<td></td>
<td>M + PM</td>
<td>54</td>
<td>772 mil</td>
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<tr>
<td>Gupta (Kanpur)</td>
<td>2008</td>
<td>M</td>
<td>3</td>
<td>5 million</td>
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<tr>
<td>Chowdhury and Imran (Dhaka)</td>
<td>2010</td>
<td>M</td>
<td>4</td>
<td>34 mill</td>
</tr>
</tbody>
</table>
Greening National Accounts India

• Championed by the Minister of Environment

• Operationalized under the Ministry of Planning and Implementation (Central Statistical Org)

• Expert Committee – Terms of Reference
  – To develop a framework for 'Green National Accounts' for India
  – To identify data requirements and gaps
  – To develop a roadmap for implementation
Expert Group for Green National Accounting, India

- Partha Dasgupta, Prof Emer, Cambridge University
- T.C. Ananth, Chief Statistician,
- Pronob Sen, Principal Advisor, Planning Comm
- Kaushik Basu, Chief Econ Advisor, MoF
- Nitin Desai, formerly USG, United nations
- Vijay Kelkar, Chair, National Stock Exchange
- Kirit Parikh, former member, Plng Comm
- Kanchan Chopra, Ex-Director, IEG
- Sunderam, Prof, DSE
- Somanathan, Prof, ISI
- Gundimenda, Assoc Prof, IIT Mumbai
- Ramesh Kolli, Add DG, Central Statistical Org
- Shyamsundar, SANDEE

- Co-Chairs: Strong international expertise combined with Government support
- Senior GoI officials
- Civil Society/Private sector
- Academics
Expert Group for Green National Accounting, India

- Changes in wealth as main measure of sustainability (Conceptual phase/Interim report completed)
- Focus on
  - Forests
  - Land degradation
  - Ground water
  - Mineral resources
- Data available for estimation of physical changes in stocks
  - Comparative data limited
  - Identification and Aggregation issues
  - Valuation second phase
- Reconciliation with income and capital accounts – satellite accounts